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SIPDIS

DEPT FOR E, WHA/FO, WHA/AND, WHA/EPSC, INL/B  
TREASURY FOR OASIA/INL  
COMMERCE FOR 4331/MAC/WH/MCAMERON  
USDA FOR FAS/ITP/GRUNENDFELDER

SENSITIVE

E.O. 12958: N/A

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SUBJECT: INTRODUCING MINISTER OF FINANCE FERNANDO ZAVALA

11. (SBU) Summary. On August 16, President Toledo appointed former Vice Minister of Economy Fernando Zavala Lombardi to replace Pedro Pablo Kuczynski as the Minister of Economy and Finance. Zavala, prior to his position as Vice Minister, served as General Manager of Indecopi (Peru's IPR Administrator) from 1995-2000. The business community welcomed Zavala's appointment, noting that he has effectively worked to resolve contentious disputes between the various agencies of the GOP and businesses. End Summary.

#### Biographical Information

12. (U) Fernando Zavala Lombardi was named the new Minister of Economy and Finance (MEF) on August 16, replacing Pedro Pablo Kuczynski (PPK) who became the new Prime Minister. Zavala, a trained economist, holds a bachelor's degree in Economics from Pacific University in Lima, as well as two Master's degrees - one in International Business from the University of Birmingham, U.K. and the other in Business Administration from Piura University.

13. (U) Prior to working as Vice Minister of Economy, Zavala served as General Manager of Indecopi, Peru's IPR administrator from 2000-2002. He has a prior history in economic and financial research, having worked as Chief of Finance at Apoyo S.A., a highly respected consulting firm based in Lima. Zavala also worked in the private sector, as the Chief of Sales at Samtronics Peru in 1994-1995.

14. (SBU) Zavala has very close ties with the business community and has served as a board member for several Peruvian corporations, including CONFIDE (Corporation for Development Financing), the Commission of National Administration, and Inca Publicity. Zavala is also an excellent contact of the Embassy and has worked closely with us on several commercial disputes, most notably Exxon-Mobil (reftel). He was instrumental in formulating a strategy with Exxon-Mobil, helping the company and the Mining Society draft an amendment to the tax law, as well as aiding in garnering support among the members of Congress. Zavala continues to work with Exxon-Mobil, and other U.S. companies, to deal with commercial issues.

15. (SBU) Zavala, who is 38 years old, is married with two children and speaks good English.

#### The Business Community Reacts

16. (SBU) Toledo's naming of Zavala yielded strong support from the business community. Luis Vega, President of Adex (Association of Exporters) and excellent contact of the Embassy, noted that Zavala, a highly skilled economist, understands the need for Peru to improve its investment climate, develop employment opportunities, and reduce poverty. He expects that Zavala will continue PPK's economic policies, maintaining continuity in the economy, which is vital to continued growth.

#### Comment

17. (SBU) We believe that Fernando Zavala is an excellent choice for Minister of Economy and Finance. We have had a strong working relationship with him over the past five years during his tenure as Vice Minister and GM of Indecopi. Most recently, he played a vital role in several commercial disputes, offering advice to U.S. companies and working toward resolutions. Zavala understands the intricacies of Peru's tax and tariff laws, and will likely play a role in ensuring these laws are properly applied.

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